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TAGS: [PREL](#) [PGOV](#) [ENERG](#) [ECON](#) [AJ](#)
SUBJECT: MOLDOVAN PRESIDENT PURSUES ECONOMIC TIES DURING
VISIT TO AZERBAIJAN

Classified By: Pol/Econ Chief Joan Polaschik per 1.4 (b,d)

¶1. (C) Summary: During an April 23-24 visit, Moldovan President Voronin focused on economic issues, including a new agreement to have Azerbaijani specialists examine Moldovan oil and gas reserves. They also discussed possible Azerbaijani investment in the privatization of Moldovan industries, the possibility of Moldovan grain shipments to Azerbaijan, and the establishment of a regular flight from Chisinau to Tbilisi to Baku. Given their close cooperation in GUAM, Azerbaijan clearly values its relationship with Moldova; the two countries are addressing transportation issues - an impediment to further economic cooperation - through GUAM. (septel).

¶2. (C) In a May 1 conversation, Moldovan Embassy First Secretary Igor Bodiou provided details on Moldovan President

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Voronin's April 23-24 visit to Baku. President Voronin met with the head of the State Oil Company of Azerbaijan Rovnag Abdullayev, the Speaker of Azerbaijan's National Parliament Oktai Asadov, and Prime Minister Artur Rasizade. The highlight of the visit, however, was the meeting with President Aliyev. At the conclusion of this meeting, which lasted an hour longer than expected, President Voronin and President Aliyev signed three agreements for bilateral cooperation. Bodiou stressed that the two presidents have an excellent relationship that is both friendly and professional and said that there were no serious problems in the Azerbaijan/Moldova relationship.

¶3. (C) Bodiou stressed that economic issues dominated the agenda of the meetings. President Voronin said that the legal basis for substantial cooperation between Moldova and Azerbaijan is already firmly established in over 50 bilateral agreements between the two states, and he urged both countries to elaborate on specific and concrete projects that will be beneficial to both sides. According to Bodiou, the most important concrete project developed during the visit was the agreement on energy cooperation signed by both presidents and developed further during President Voronin's meeting with Rovnag Abdullayev, head of the State Oil Company of the Republic of Azerbaijan (SOCAR). According to the agreement, Azerbaijani specialists will travel to southern Moldova in order to examine the size and feasibility of developing oil and gas deposits in that region. Bodiou stressed that given Moldova's need for energy diversification, this agreement was the most important tangible outcome from the president's visit.

¶4. (C) Bodiou described bilateral trade between Moldova and Azerbaijan as "growing but not yet adequate," and he said that President Voronin and his Azerbaijani interlocutors

discussed a number of specific trade and investment projects designed to boost bilateral trade. According to Bodi, both presidents reaffirmed their commitment to the newly developed bilateral task force on trade and investment, which will meet at the beginning of June in Chisinau. In his meeting with Azerbaijan's Prime Minister Rasizade, President Voronin suggested that Moldova could supply grain and other food products to Azerbaijan, which is facing increased prices on the global market. President Voronin also expressed his interest in Moldovan investment in Azerbaijani construction projects.

15. (C) In terms of Azerbaijani investment in Moldova, President Voronin pointed to a number of industries that are yet to be privatized and stressed that Azerbaijani entrepreneurs are welcome to take part in the privatization process. President Voronin believes that refineries and food processing factories will be of the most interest to Azerbaijani investors, and he stressed that the autonomous trade preferences recently granted to Moldovan food products entering the EU will make this sector particularly lucrative.

The GOAJ expressed its desire to build gas stations in Moldova and possibly a pier on the Dniester River, which could later be expanded to be a cargo terminal linked to the Black Sea. Finally, the two sides discussed establishing a flight from Chisinau to Tbilisi to Baku. Bodi said that border crossings make it difficult to travel overland between Moldova and Baku and that flights between Moldova and Azerbaijan currently have to connect through Turkey or Russia. Bodi stressed that this is an impediment to Azerbaijani entrepreneurs looking to invest in Moldova.

16. (C) Comment: The GOAJ clearly values strong bilateral relations with Moldova given the two states' cooperation in GUAM. However, despite the rhetoric of friendship, the bilateral relationship has not produced much in the way of substance, especially in the economic sphere. On several occasions during the course of the conversation, Bodi stressed that the level of trade between Moldova and Azerbaijan was not yet at sufficient levels, and President Voronin clearly focused on this issue while in Baku. SOCAR has been increasing its investment in the region and is likely to take a serious look at opportunities in Moldova. Transportation links between the two countries remain an impediment to further investment and are also being addressed through GUAM.

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